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No. 00-249

IN THE

Supreme Court of the United States

ATLANTIC RICHFIELD COMPANY, CHEVRON U.S.A., INC., EXXON MOBIL CORPORATION, MOBIL OIL CORPORATION, SHELL OIL PRODUCTS COMPANY, AND TEXACO REFINING AND MARKETING, INC.

Petitioners,

v.

UNION OIL COMPANY OF CALIFORNIA

Respondent.

On Petition For a Writ of Certiorari To the United States Court of Appeals For the Federal Circuit

PETITIONERS' REPLY BRIEF

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PETITIONERS' REPLY BRIEF

1. Unocal is unable to answer Refiners' showing that there was "clear, abundant, and undisputed evidence of Unocal's gaming of the regulatory and patent processes," Pet. 15, which demonstrated "that Unocal had *a fortiori* violated the [35 U.S.C.] § 112 requirement" that it had invented the specific fuels that Unocal patented, Pet. 14, when in fact its claims had been amended to "resemble" regulations promulgated by the California Air Resources Board ("CARB"). Accordingly, Unocal's opposition attempts to mislead this Court down three well-trod paths to a denial of the petition. Thus, it argues (a) that the Refiners are contending "that state-law regulatory requirements somehow dominate patent rights," a point that was not "presented to or decided by the Federal Circuit," Opp. 10; (b) that "the Federal Circuit's decision does not announce any principle of law . . . let alone fundamental ones. . . ," *id.* at 9-10, and (c) that the decision below was "highly fact-specific," *id.* at 10.

a. Starting with the first point, which is both the most pernicious and pervasive,[1] Unocal apparently assumes that this Court will simply disregard Refiners' arguments regarding the way in which the Federal Circuit failed to apply long-settled law under § 112 that "serve[s] as the only bulwark in patent law against [the] abuse" of the patent and regulatory processes. Pet. 2.

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[1] *See, e.g.*, Opp. 12 ("[p]etitioners' central contention is that the patent claims' resemblance to state-law regulatory requirement should erase Unocal's patent rights even if the patent claims meet all other requirements, including the normal standards for adequate support in the original disclosure"); *id.* (accusing Refiners of proposing "an additional new test for satisfaction of the written-description requirement"); *id.* at 13-14 (referring to Refiners' alleged "regulatory trumping" and "regulatory-trumped contention").

Any fair reading – indeed, any reading *at all* – of the petition makes it clear that Refiners' argument is firmly anchored in what had been settled principles under § 112, which have their roots in this Court's decisions and which ensure that patents contain a written description demonstrating that, when the patent was filed, the applicants actually had invented what is later claimed. Pet. 11-12. Refiners argue here, as they did in the Federal Circuit, "that Unocal had *a fortiori* . . . violated § 112 . . . by virtue of its exploitation of the CARB regulatory process," *id.* at 14 – *i.e.*, by "amend[ing] all of its claims to 'resemble' CARB's requirements" in ways that "contradicted the teachings of Unocal's patent application . . . ," *id.* at 15. Thus, Refiners do not argue that CARB's regulations "trump" U.S. patent laws or invalidate patents that otherwise comply with those laws. Refiners instead argue that applicants violate § 112 when they file laundry-list applications in contemplation of regulations, Pet. 15, and then amend their claims (against the teachings of the patent) to "resemble" those regulations.

Unocal's charge that "Petitioners presented the regulatory context for atmospherics" in the Federal Circuit, Opp. 6, is ludicrous.[2] The relationship between Unocal's amended claims and CARB's regulations lay at the heart of Refiners' appeal. Thus, in their opening brief, pp. 1, 13, 43-46, in their Reply Brief, pp. 18-19, and in their Petition for Rehearing, pp. 6-9, Refiners argued to the court of appeals, just as they argue here, that Unocal's post-CARB-regulation amendment of its claims in ways that indisputably contradicted the teachings of Unocal's patent established a

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[2] Refiners do not quarrel with Unocal's statement that "they made no contention that the CARB regulations trumped, or required bending of, the ordinary principles of patent validity." Opp. 6. As shown above, Refiners make no such contention here and made none below.

clear-cut violation of the written description requirement of § 112.[3]

b. Unocal's observation that the Federal Circuit did not "announce" that it was disregarding the relationship between Unocal's prosecution of its patent application and the CARB regulatory process is of course true. But silence, which is often golden, can also be probative.[4] Notwithstanding Refiners' emphatic argument that the regulatory context of this case established a violation of § 112, the Federal Circuit completely ignored the facts (1) that Unocal amended its claims to "resemble" CARB's requirements; (2) that those amendments in important respects (raising T10 and olefins, while removing aromatics) broadened Unocal's claims contrary to the teachings of its patent;[5] and (3) that without those amendments Refiners could have made gasolines with T10s and olefins that complied with CARB, while staying outside the limits taught in this patent. Pet. 15-16. The panel majority's rejection of Refiners' § 112 written description argument, without even acknowledging these facts, or for that matter even mentioning CARB or its regulations, can only be understood

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[3] Unocal's citation to the district court's attorney's fee order referring to Refiners' abandonment of their defense under 35 U.S.C. § 102(f) that Unocal improperly derived its claims from CARB, Opp. 6, has nothing to do with their § 112 written description defense. Unocal would have violated § 102(f) if it had copied CARB *before* it filed its application.

[4] A. C. Doyle, *The Silver Blaze*, *reprinted in* The Complete Sherlock Holmes 335, 347 (Doubleday 1960) (recounting the clue of the dog that did not bark).

[5] Unocal's argument that its claims were narrowed, Opp. 15 n.5, because, for example, a T10 limit of 158°F (the legal maximum) was placed in some claims that had no prior T10 limit ignores the facts that the legal maximum is tantamount to no limit in the patent and that all of the original claims with a T10 limit capped it at 140°F or lower.

as a conscious decision by the court that Unocal's exploitation of the regulatory process was deemed irrelevant.

Unocal's assertion that this case involves no "fundamental" questions cannot be taken seriously. Surely, the relevance of the exploitation of the regulatory process under § 112 – the only provision in the patent laws that can be invoked against the abuse of amending claims to capture regulatory requirements – is a fundamental question which this Court should review. This is especially so because the panel majority refused to apply *In re Ruschig*, 379 F.2d 990 (CCPA 1967), and its progeny in this worst case scenario – *i.e.*, where Unocal's final 41 claims are not even *one billionth* of the more than *one trillion* combinations encompassed by the application and where they are the product of amendments, copied from regulatory requirements, that contradict the teachings of the patent. In these circumstances, the Federal Circuit has vitiated *Ruschig* and uprooted an entire doctrine of patent law.[6] These are structural changes in an area of law of increasing importance

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[6] Unocal's assertion that *Ruschig* is distinguishable because Unocal's claims are expressed in "broad ranges" and the written description reveals "the directions of effects from changing variables [that] readily identified each of the ultimately claimed combinations," Opp. 15, asks this Court to ignore the undisputed facts, just like the panel majority. For example, the written description filed with the application taught that T10 should be 140°F or less, whereas after amending its claims to resemble CARB, T10 was raised to 158°F, and the increase in aromatics taught in this patent was abandoned when CARB decided to limit that property. Pet. 3-4.

Similarly, Unocal's reliance on the panel majority's statement that skilled artisans "know how to mix [petroleum] streams . . . to achieve a final product with desired characteristics," Opp. 8, quoting Pet. App. 21a, confuses enablement (teaching how to practice this invention) with the written description requirement that the applicant was "in possession" at the time of its application of later-added claims as required by § 112. *See* Pet. 12.

to the Nation and clearly deserve this Court's plenary attention.

c. The Federal Circuit's complete disregard of the exploitation of regulation in a § 112 case is not fact-specific, but instead is plain and irrefutable. To be sure, there are some facts discussed in the petition because Unocal's abuse of the patent/regulatory processes cannot be appreciated without some understanding of the way in which it filed an application allowing it to go in whatever direction CARB ultimately decided to regulate, amended its claims to "resemble" those regulations, and thereby placed Refiners into a patent-regulatory law vise. The important point here is that these facts are not disputed, which Unocal's own opposition in this Court – like its brief below – reveals.

2. Unsurprisingly, Unocal takes the same tack in dealing with Refiners' claim construction argument that it takes with respect to written description. Unocal makes the point that the courts below "did not announce any principle allowing addition of a limitation to claims," Opp. 17, and it describes Refiners' argument as involving "nothing more than a disagreement with the courts' construction of the key preamble phrases" in the patent, *id.* at 18. Once again, Unocal seems to assume that this Court will not read the petition, but instead will judge this case solely on the basis of what was said by the Federal Circuit panel majority.

a. To be sure, the panel majority did not announce that it was adding a claim limitation. However, as Refiners pointed out, Pet. 5, the district court candidly stated that it imposed a new limitation that Unocal's fuels were intended "for regular use in automobiles, *i.e.*, traditional motor gasoline[s] . . . mass-produced in typical refineries for the general motoring public," Pet. App. 47a, and that it did so "specifically to distinguish [the claimed] fuels from [prior] specialized fuels such as racing and aviation fuels," Pet. 5. This statement by the district court, coupled with its

instruction to the jury that prior art unleaded gasolines which were merely "suitable" for combustion in an automotive engine would not anticipate Unocal's patent, demolish Unocal's argument that all we have here is a "straightforward construction of claim terms indisputably present, namely, the preamble language." Opp. 18.[7]

As Refiners pointed out, the claims' preamble only limits unleaded gasoline fuels to those that are "suitable for combustion in an automotive engine," and the Refiners' prior art racing and aviation unleaded gasolines met that requirement because they satisfy ASTM industry standards for automotive spark-ignition fuel, Pet. 21 – a point that Unocal does not deny. However, the jury was told that it was not sufficient for such prior art fuels to be "suitable," but instead that they must also be "traditional" and must be made for the "general motoring public." Pet. 5.

The Federal Circuit panel majority, while ignoring the district court's instruction that "suitable" fuels would not anticipate Unocal's claims, affirmed its "traditional"/intended for the "general motoring public" construction of the claims by substituting the word "standard" for "traditional." This is not "straightforward construction of claim terms indisputably present," Opp. 18; this is a narrowing of the plain language of claims to avoid prior art which is forbidden to courts by *McCarthy v. Lehigh Valley R. Co.*, 160 U.S. 110 (1895), and can be accomplished, if at all, only by the Patent and Trademark Office via the patent-reissue process described in 35 U.S.C. §§ 251-252. *See* Pet. 25.

b. Unocal's reliance upon this Court's observations in *Markman v. Westview Instruments, Inc.*, 517 U.S. 370, 389

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[7] Unocal correctly – and perhaps inadvertently – recognizes that the trial court's "construction" of the preamble of the patent claims "settled the anticipation issue, as the jury found." Opp. 7.

(1996), regarding the need to interpret claim terms based upon a "sophisticated analysis of the whole document" and thus to "preserve the patent's internal coherence," Opp. 16, backfires when put to the test.

First, neither the words "standard automotive fuel" (the limitation imposed by the Federal Circuit) nor "traditional motor gasoline" (the limitation imposed by the district court) appear *anywhere* in the patent, let alone in the language of the claims themselves. Instead, as noted above, that limitation was expressly added by the district court to avoid Refiners' prior art fuels in direct conflict with *McCarty* and a host of other cases.

Second, Unocal's patent did not claim and was not limited to so-called "standard" or "traditional" motor gasolines. As shown in the petition, p. 22, the patent itself reveals that Unocal's claims extend to unleaded gasoline fuels that do not comply with ASTM and cannot, therefore, even be sold to the public. Moreover, the patent acknowledges that "typical" gasolines are comprised of olefins, paraffins, and aromatics, whereas Unocal's preferred fuel has no olefins. JA460.[8]

c. Unocal's contention that "the invention targets . . . gasoline's designed for regular use at expected prices in the typical automobile driven by millions of drivers who cause

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[8] As it succeeded in doing below, Unocal argues that "traditional" or "standard" gasolines are "*not* the same compositions as either the aviation or racing fuels that petitioners identified . . . ." Opp. 18. Of course, this argument collapses when the patent is interpreted, consistent with its plain meaning and "the whole document," as covering all "unleaded gasoline fuels suitable for combustion in an automotive engine."

pollution," Opp. 17,[9] on its face is a use limitation, which cannot sustain the new patenting of an old product under the rationale of *General Electric Co. v. Jewel Incandescent Lamp Co.*, 326 U.S. 242, 249 (1945), which Unocal itself acknowledges, Opp. 18. Thus, this Court need not go beyond the language of Unocal's own argument, which faithfully reflects the limitations imposed by the district court and the Federal Circuit, to conclude that decision below cannot stand under *General Electric*.

Moreover, even the few undisputed facts recited in the petition reveal the fallacy that undermines Unocal's argument. For example, Unocal's statement that the actual language of the claims' preamble – "an unleaded gasoline [fuel] suitable for combustion in an automotive engine" – cannot refer to "exorbitantly priced specialized high-purity gasolines made for specialized racing cars," Opp. 16-17, ignores the undisputed fact that Unocal marketed its own unleaded racing gasoline as "ideal for all . . . street vehicles. . . . [and available at] [h]undreds of Unocal service stations nationwide. . . ." Pet. 21-22.

3. The Federal Circuit's decision has prompted an unusual outpouring of expressions of concern by the States, members of Congress, the Nation's largest automobile manufacturer, and organizations representing refiners, large and small, throughout the Nation. As the brief authored by California and joined by 33 other States and the District of Columbia makes clear, Unocal has not only obtained the patent at issue here, but also four successor patents with more than 800 claims, Pet. 4 n.3 – that collectively create both the "potential . . . for Unocal to control the entire Nation's

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[9] Incredibly, Unocal also asserts that "the preamble refers to" such gasolines, Opp. 17, as if the regular use/expected prices/typical automobile limitations can be found in the words of the preamble.

gasoline market, increasing prices even further . . . . [and] certainly . . . increas[ing] uncertainty about the availability of gasoline . . . ." States Br. 3.[10] *See also* Cong. Br. 4; API Br. 3; GM Br. 5.

Although unquestionably aware of the nation-wide implications of its patent position, Unocal shrugs off in a footnote, Opp. 11 n.3, the impact of the patent in this case as being only $11 per year for the average driver. But there are 182 million licensed drivers in the United States.[11] Plainly, Unocal seeks to garner enormous sums for an "invention" that it was able to patent only by exploiting the regulatory and patent processes and by persuading the Federal Circuit to impose an unstated limitation on Unocal's claims that was based upon a new method for using an old product in conflict with two of this Court's decisions.

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[10] Undoubtedly anticipating that California would file an *amicus* brief in this Court, just as it did on rehearing in the Federal Circuit, Unocal advances two specious arguments in an attempt to lessen the impact of California's brief. First, Unocal argues that it "brought the [CARB] regulations to the attention of the PTO examiner" prior to the issuance of its patent. Opp. 4. However, a mere glance at the "disclosure" made by Unocal – *i.e.*, a brief newspaper account of CARB's regulations published before Unocal amended its claims to resemble CARB – shows that Unocal's filing was carefully designed *not* to disclose the relationship between CARB's regulations and Unocal's amended claims. JA5780-82.

Second, Unocal's suggestion that CARB should have, but did not "seek to pay for the invention of cleaner fuels" by Unocal, Opp. 4, in and of itself reveals Unocal's cynical attitude about its exploitation of the regulatory process.

[11] Statistical Abstract of the United States, p. 637, Table No. 1027 (1999).

CONCLUSION

The petition should be granted.

Respectfully submitted,

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